

# Oil Market Review in Japan No. 37/2021

January 7, 2022, Friday Released every Friday

**Publisher: Oil Information Center, Institute of Energy Economics, Japan**

Inui Bldg. Kachidoki, 11th Floor, 13-1, Kachidoki 1-chome, Chuo-ku, Tokyo, 104-8581 Japan  
[https://eneken.ieej.or.jp/en/weekly\\_oil/index.php](https://eneken.ieej.or.jp/en/weekly_oil/index.php)

## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the December 9-December 15 week moved within a range of \$70.73 per barrel and \$71.67/bbl.

On December 16, the key contract rose further due to the expectation of the U.S. economy's recovery and receding concerns about relaxation of oil demand and supply reported in the previous day's announcement of a decrease in the U.S. weekly domestic oil inventory. The January contract closed at \$72.38/bbl up \$1.51/bbl from the previous trading day.

On December 17, the key contract turned down for the first time in three trading days and the January contract closed at \$70.86/bbl down \$1.52/bbl from the previous day. The number of infected persons with the new coronavirus has been increasing significantly in Europe and the U.S. The selling trend prevailed due to a sense of caution for a decrease in crude oil demand caused by behavioral restrictions. The infection with the "Omicron" variant spread and the number of newly infected persons hit a new high on consecutive days on December 17. The Government of France would principally ban on entering France from the U.K. from December 18. The number of infected people increased by 40% compared to one month ago in the U.S. Several theaters reportedly canceled performances in New York City. Market players raised the expectation of restraining crude oil demand because movement of people and economic activities would slow down with the spread of infection.

On December 20, the key contract turned down further in growing uncertainties about energy demand in the future in the background of new worldwide outbreaks of the "Omicron" variant. The January contract closed at \$68.23/bbl, down \$2.63/bbl from the previous day.

On December 21, the key contract rebounded and the February contract closed at \$71.12/bbl up \$2.51/bbl from the previous day. The buying trend prevailed by a sense of undervalued crude oil futures price, which had dropped by about 6% for two trading days until the previous trading day due to concerns over the new outbreaks of the "Omicron" variant. Stock prices rebounded in major countries such as Japan, the U.S. and European countries. The price of crude oil futures, being considered as risk asset like stock, also went up. The crude oil futures price rise was also supported by the Reuters announcement on December 20 that compliance rate for cooperative crude oil production cut for November 2021 by Member of OPEC (Organization of the Petroleum Exporting Countries) plus increased from the previous month to 117% and that an increase in crude oil production by the oil-producing countries had realized less than the initial expectation by the market players.

On December 22, the key contract rose further and the February contract closed at \$72.76/bbl up \$1.64/bbl from the previous day. The U.S. EIA (Energy Information Administration) Weekly Report announced that the U.S. domestic crude oil inventory decreased from the previous week. Market players lowered the expectation of relaxation of oil demand and supply.

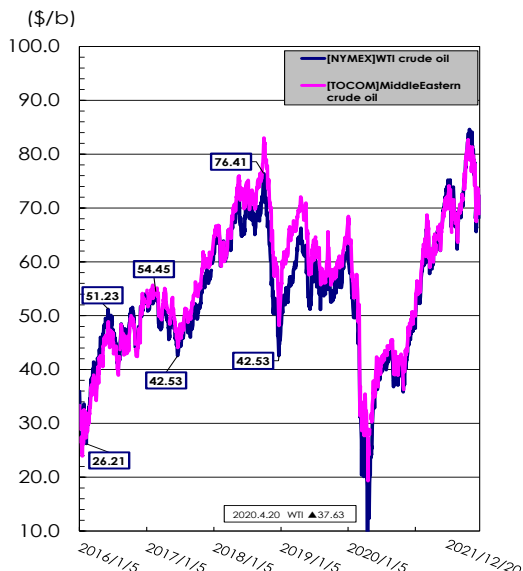
The Asian benchmark crude oil of Dubai for February delivery on the Tokyo market ranged from \$71.60/bbl to \$75.20/bbl on December 9-December 15 week. It closed at \$73.40/bbl on December 16, at \$73.30/bbl on December 17, at \$70.20/bbl on December 20, at \$71.40/bbl on December 21, at \$73.00/bbl on December 22.

On the foreign exchange market in the December 9-December 15 week, the dollar moved within a range of 113.47 yen and 113.82 yen. It changed hands at 114.21 yen in late trading on December 16, at 113.87 yen on December 17, at 113.62 yen on December 20, at 113.67 yen on December 21, at 114.18 yen on December 22.

According to preliminary 10-day trade statistics released by the Ministry of Finance on December 16, the average crude oil import CIF price for Japan in late November period stood at 59,502 yen/kl (kiloliter), up 553 yen/kl from the previous 10-day period. In dollars, the price was \$83.14/bbl, up \$0.91/bbl. The average exchange rate was 113.80 yen to the dollar. According to preliminary 10-day trade statistics released by the Ministry of Finance on December 16, the average crude oil import CIF price for Japan in November period stood at 58,825 yen/kl (kiloliter), up 5,001 yen/kl from the previous 10-day period. In dollars, the price was \$82.07/bbl, up \$5.26/bbl. The average exchange rate was 113.95 yen to the dollar

Japan's average retail price on December 20 lost by 0.8 yen/l from a week earlier for gasoline and lost by 0.8 yen/l for diesel oil and lost by 10 yen/l for kerosene on an 18-liter tank basis. The gasoline price decreased for the sixth straight week. Diesel oil price decreased for the sixth straight week. Kerosene price decreased for the third straight week. Crude oil cost decreased for the week of December 14-December 20, Motouri companies decreased their wholesale prices by 0.5 yen/l from a week earlier for gasoline, diesel oil and kerosene for the upcoming next two weeks (December 23, 2021-January 5, 2022).

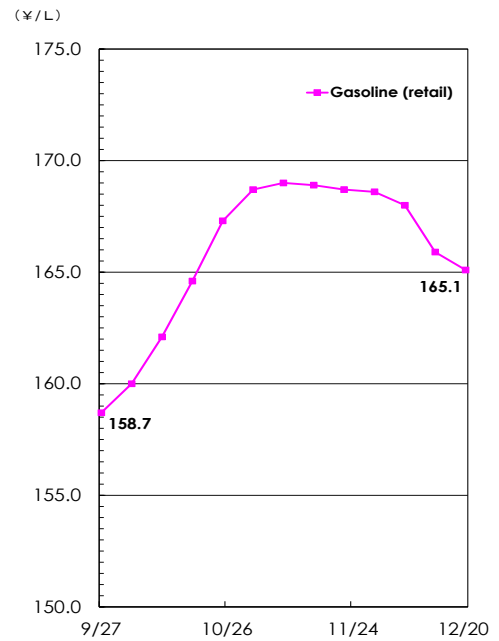
Crude oil			This week	From a week earlier	From a year earlier
Supply/Demand	Crude oil runs (1,000 kl)	12/12 ~ 12/18	3,231	▲ 27	▲ -
	Topper capacity utilization rate (%)	"	84.0	▲ 0.7	▲ -
	Crude oil inventories (1,000 kl)	12/18	9,427	▼ -145	▼ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	12/20	68.90	▼ -4.61	▲ 18.9
	WTI crude oil (NYMEX) (\$/bbl)	12/20	68.23	▼ -3.06	▲ 20.5
	Crude oil import CIF price (\$/bbl)	Late Nov	83.14	▲ 0.91	▲ 40.83
	① Crude oil import CIF price (yen/kl)	"	59,502	▲ 553	▲ 31,645
	② Yen-dollar exchange rate (yen/dollar)	"	113.80	▲ 0.17	▼ -9.12
	TTS exchange rate (yen/dollar)	12/20	114.62	▼ -0.06	▼ -10.22



(Unit: 1,000 kl, yen/l)

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	12/12 ~ 12/18	958	▲ 49	▲ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	838	▲ 34	▲ —	
	Exports	"	79	▼ -37	▼ —	
	Inventories	12/18	1,593	▲ 41	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	12/14 ~ 12/20	68.7	▲ 1.0	▲ 22.1	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	12/14 ~ 12/20	63.2	▲ 2.1	▲ 19.4
		(TOCOM/ Chubu)	12/20	67.5	▼ -0.7	▲ 21.0
	Retail prices [weekly trend] (published by ANRE)	12/20	165.1	▼ -0.8	▲ 29.7	

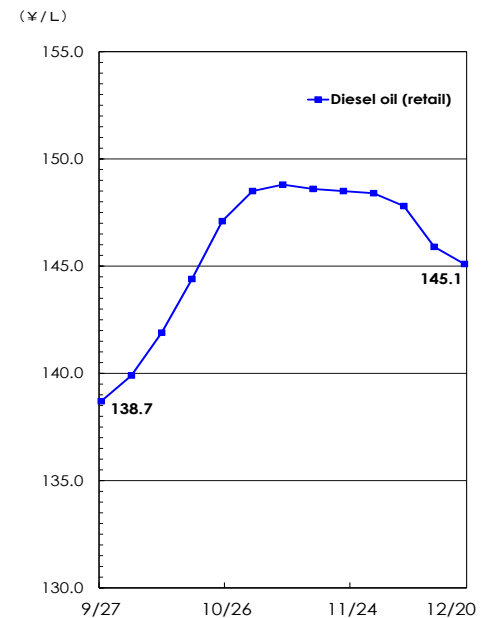
\*Gyoten and futures prices are before tax



(Unit: 1,000 kl, yen/l)

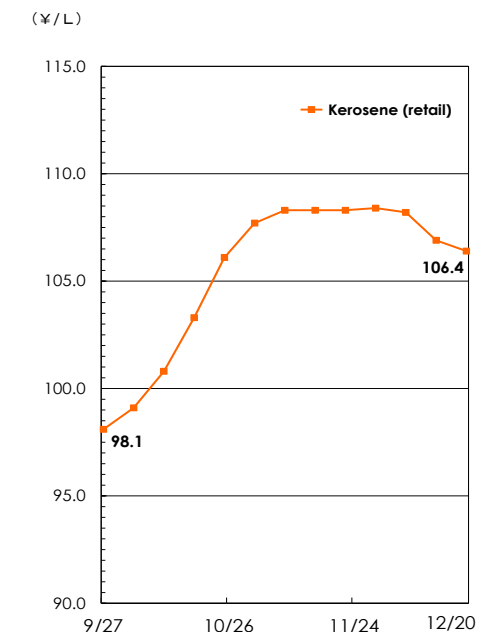
Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	12/12 ~ 12/18	720	▼ -83	▲ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	632	▼ -11	▲ —	
	Exports	"	106	▼ -66	▲ —	
	Inventories	12/18	1,371	▼ -19	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	12/14 ~ 12/20	70.2	▲ 1.4	▲ 21.1	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	12/14 ~ 12/20	72.8	▼ -0.8	▲ 22.4
		(TOCOM/ Chubu)	12/20	—	—	—
	Retail prices [weekly trend] (published by ANRE)	12/20	145.1	▼ -0.8	▲ 29.1	

\*Gyoten and futures prices are before tax



(Unit: 1,000 kl, yen/l)

Kerosene		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	12/12 ~ 12/18	348	▲ 47	▲ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	487	▲ 63	▲ —	
	Exports	"	0	➡ 0	▼ —	
	Inventories	12/18	2,511	▼ -139	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	12/14 ~ 12/20	69.4	▲ 1.0	▲ 20.8	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	12/14 ~ 12/20	68.1	▼ -0.4	▲ 21.0
		(TOCOM/ Chubu)	12/20	68.5	▼ -2.0	▲ 20.0
	Retail prices [weekly trend] (published by ANRE)	12/20	106.4	▼ -0.5	▲ 26.3	



## Relevant Information

### 1 Overseas crude oil prices

On December 22, WTI crude oil futures price on NYMEX rose further due to a decrease in the U.S. domestic crude oil inventory and the depreciation of the U.S. dollar against the Euro. The February contract closed at \$72.76/bbl up \$1.64/bbl from the previous day. The March contract closed at \$72.33/bbl up \$1.51/bbl from the previous day. According to the U.S. EIA (Energy Information Administration) Weekly Report released on the morning of December 22, the U.S. domestic crude oil inventory decreased by 4.7 million bbl from the previous week, which was more than the market expectation of a decrease by 2.8 million bbl (Research by the Reuters), decreasing for the fourth straight week. The U.S. domestic inventory increased by 5.5 million bbl for gasoline (an increase by 0.5 million bbl by the market expectation) and increased by 0.4 million bbl (a level off by the market expectation) for the middle distillates. Change in inventory for crude oil and oil products showed different results. However, the buying trend prevailed on this trading day in response to recurring concerns about tightening oil supply caused by a decreasing crude oil inventory. The price rise was also supported by the depreciation of the U.S. dollar against the Euro in foreign exchange market, which resulted in a sense of undervalued crude oil futures, being traded in the U.S. dollar.

According to the EIA, the average U.S. retail price of gasoline as of December 20 decreased by 2.0 cents per gallon from a week earlier to \$3.295/gal (99.6 yen/l). The average diesel oil price decreased by 2.3 cents per gallon to \$3.626/gal (109.7 yen/l). The gasoline price decreased for the sixth straight week. Diesel oil price decreased for the fifth straight week.

### 2 Petroleum products supply and demand in Japan (1) Shipments

According to a weekly report by the PAJ (Petroleum Association of Japan), inactive toppler capacity in the December 12-December 18 week in 2021 stood at 35,000 barrels per day, unchanged from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 27,000 kl from the previous week to 3,231,000 kl. From a year earlier, it increased by 116,000 kl. The toppler capacity utilization rate stood at 84.0%, up 0.7 points from the previous week and up 3.0 points from a year earlier.

Production increased from the previous week for gasoline, kerosene and Fuel Oil C and decreased for other petroleum products. Output was up 5.4% for gasoline, down 5.6% for jet fuel, up 15.4% for kerosene, down 10.3% for diesel oil, down 1.9% for Fuel Oil A, and up 15.8% for Fuel Oil C. Fuel Oil C imports in the week totaled 70,000 kl, up 35,000 kl from the previous week. Diesel oil exports aggregated 106,000 kl, down 66,000 kl from the previous week.

Shipments (excluding imports) in the week increased from the previous week for gasoline, kerosene and Fuel Oil C and decreased for other products. From a year earlier, shipments declined for Fuel Oil A and expanded for other petroleum products. Gasoline shipments increased by 4.3% from the previous week to 838,000 kl, increasing for the first time in two weeks. Shipments totaled 74,000 kl for jet fuel (down 37.1% from the previous week), 487,000 kl for kerosene (up 14.8% from

the previous week), 632,000 kl for diesel oil (down 1.6% from the previous week), 236,000 kl for Fuel Oil A (down 3.8% from the previous week), and 314,000 kl for Fuel Oil C (up 49.6% from the previous week).

(Unit: 1,000 kl)

	This week (12/12 ~ 12/18)	Previous week (12/5 ~ 12/11)	From a week earlier
Gasoline	838	804	▲ 34 (4%)
Jet fuel	74	118	▼ -44 (-37%)
Kerosene (heating Oil)	487	424	▲ 63 (15%)
Diesel oil	632	643	▼ -11 (-2%)
Fuel oil A	236	245	▼ -9 (-4%)
Fuel Oil C	314	210	▲ 104 (50%)
<b>Total</b>	<b>2,581</b>	<b>2,444</b>	<b>▲ 137 (6%)</b>

This week's shipments = (Previous weekend inventories + This week's production + This week's imports) - (This week's exports + This weekend inventories)

### 2 Petroleum products supply and demand in Japan (2) Inventories

Inventories as of December 18 increased for gasoline, jet fuel and Fuel Oil C and decreased for other petroleum products. From a year earlier, inventories expanded for jet fuel and declined for other petroleum products.

Gasoline inventories totaled 1,593,000 kl, up 41,000 kl from a week earlier and down 408,000 kl from a year earlier.

Kerosene inventories totaled 2,511,000 kl, down 139,000 kl from a week earlier and down 193,000 kl from a year earlier.

Diesel oil inventories totaled 1,371,000 kl, down 19,000 kl from a week earlier and down 181,000 kl from a year earlier.

Fuel Oil A inventories totaled 738,000 kl, down 12,000 kl from a week earlier and down 65,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,756,000 kl, up 11,000 kl from a week earlier and down 164,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (12/18)	Previous week (12/11)	From a week earlier
Gasoline	1,593	1,552	▲ 41 (3%)
Jet fuel	820	792	▲ 28 (4%)
Kerosene (heating Oil)	2,511	2,650	▼ -139 (-5%)
Diesel oil	1,371	1,390	▼ -19 (-1%)
Fuel oil A	738	750	▼ -12 (-2%)
Fuel Oil C	1,756	1,745	▲ 11 (1%)
<b>Total</b>	<b>8,789</b>	<b>8,879</b>	<b>▼ -90 (-1.0%)</b>

### 3 Petroleum products wholesale prices in Japan (1) Wholesale price revision trend

During December 14-December 20, crude oil cost in yen decreased from a week earlier with a decrease in crude oil price and the depreciation of the yen to the US dollar.

For the upcoming next two weeks of December 23, 2021-January 5, 2022, Motouri companies decreased their wholesale prices by 0.5 yen/l for gasoline, kerosene, and diesel oil from a week earlier.

### 3 Petroleum products wholesale prices in Japan (2) Spot (Gyoten) and futures price trend

Spot petroleum products prices in the December 14-December 20 week decreased for all oil products in all trading except for the decreased kerosene and diesel oil futures prices compared to the period of December 7-December 13.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the December 14-December 20) increased by 1.0 yen/l from a week earlier (December 7-December 13) for gasoline, increased by 1.0 yen/l for kerosene and increased by 1.4 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 1.4 yen/l for gasoline, increased by 0.8 yen/l for kerosene and increased by 1.0 yen/l for diesel oil for the December 14-December 20 week from a week earlier.

The key average futures price increased by 2.1 yen/l for gasoline, decreased by 0.4 yen/l for kerosene and decreased by 0.8 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (12/14 ~ 12/20)	Previous week (12/7 ~ 12/13)	From a week earlier
Spot Prices	Regular	68.7	67.7	▲ 1.0
	Kerosene	69.4	68.4	▲ 1.0
	Diesel oil	70.2	68.8	▲ 1.4

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (12/14 ~ 12/20)	Previous week (12/7 ~ 12/13)	From a week earlier
Futures Price	Regular	63.2	61.1	▲ 2.1
	Kerosene	68.1	68.5	▼ -0.4
	Diesel oil	72.8	73.6	▼ -0.8

Above prices are before tax.

Reference (December 14 - December 20 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▲ 1.0	▲ 2.1	▲ 1.6
Kerosene	▲ 1.0	▼ -0.4	▲ 0.3
Diesel oil	▲ 1.4	▼ -0.8	▲ 0.3
Fuel Oil A	▲ 0.9		

(Source) Spot: RIM 4-district average lorry rack price  
(Chiba, Kawasaki, Chukyo, Hanshin)

Futures: TOCOM average offshore barge spot price for Keihin District

### 4 Retail prices of petroleum products in Japan

The average retail service station price as of December 20 decreased by 0.8 yen from a week earlier to 165.1 yen/l for gasoline, decreased by 0.8 yen to 145.1 yen/l for diesel oil and decreased by 10 yen/l to 1,915 yen for kerosene on an 18-liter tank basis (decreased by 0.5 yen/l to 106.4 yen/l) from a week earlier. The gasoline price decreased for the sixth straight week. Diesel oil price decreased for the sixth straight week. Kerosene price decreased for the third straight week.

Gasoline prices increased in five prefectures, leveled off in no prefectures and decreased in 42 prefectures. The lowest gasoline price among the prefectures was 158.2 yen/l in Saitama. The second lowest was 159.2 yen/l in Akita. The highest price was 176.7 yen/l in Nagasaki. Shimane logged the largest price gain of 1.3 yen/l. The price leveled off in no prefectures. Okinawa logged the largest price fall of 2.5 yen/l.

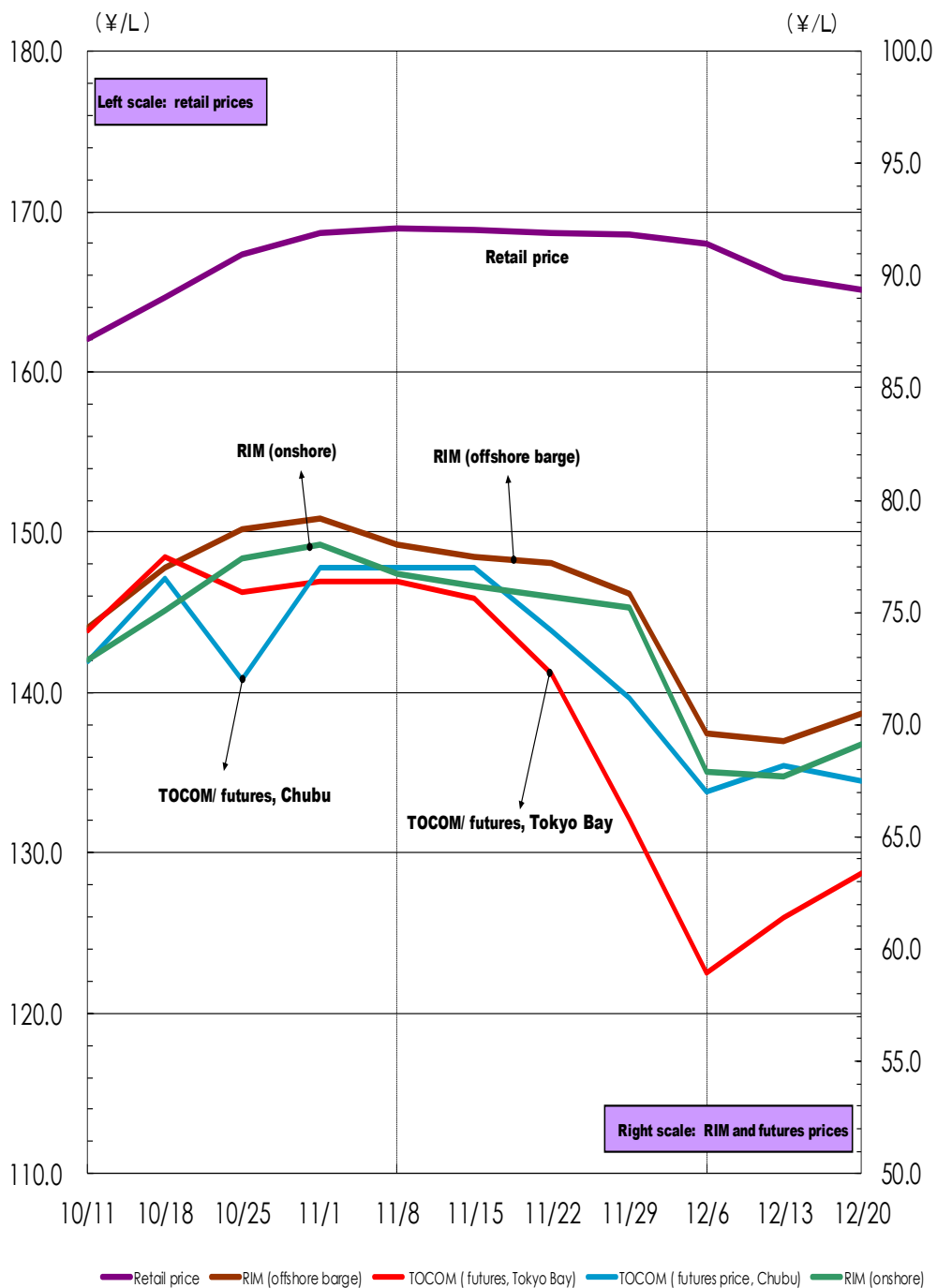
Crude oil cost in yen decreased for the period from December 14- December 20 with a decrease in crude oil price and the depreciation of the yen to the US dollar. Motouri companies decreased their wholesale prices by 0.5 yen/l for gasoline, diesel oil and kerosene for the period from December 23, 2021-January 5, 2022. Retail gasoline price on the next price survey day (January 4, 2022) is expected to level off from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (12/20)	Previous week (12/13)	From a week earlier	Latest high
Retail Price	Regular	165.1	165.9	▼ -0.8	08/8/4 185.1
	Kerosene	106.4	106.9	▼ -0.5	08/8/11 132.1
	Diesel oil	145.1	145.9	▼ -0.8	08/8/4 167.4

Nationwide average cash retail price  
(including consumption tax)  
Since April 2007, 2,000 service stations  
have been covered.  
Latest highs are highest levels since  
October 2003.

# Gasoline price trend

(2021/10/11 ~ 2021/12/20)



(Note) ① Retail price includes consumption Tax, RIM, TOCOM prices are before tax.  
 ② RIM (onshore) is the average of four district .

## Announcement

This report is available at the center's website (<https://eneken.ieej.or.jp/en/>).  
The next issue (No. 38 for 2021) will be announced on January 14.

## On use of this report

The copyrights to texts, graphics and other information (hereinafter combined into "documents") in this report belong to the Oil Information Center of the Institute of Energy Economics, Japan (hereinafter referred to as this Center), or to third parties contributing the documents to this Center. This Center forbids the documents from being repurposed, duplicated or altered without approval by this Center.

This Center has made the documents comprehensive but no guarantee is made as to accuracy or safety.

## Weekly Oil Market Review

In an interim report compiled in May 2004 by a petroleum products market trend study panel sponsored by the Petroleum Distribution and Retail Division of the Natural Resources and Fuel Department at the Agency for Natural Resources and Energy, the panel stated, "We hope that the Japanese oil industry will solidify its market and price-finding functions and that the oil industry as a mainstay industry in Japan will further enhance its rationality and vitality over a medium term as industry people deepen their understanding of the need for rational price recognition based on market and price-finding functions to be established in the oil industry and for business decisions based on recognition under the principle of self-responsibility."

In response to the report, this Center has published the Weekly Oil Market Review as a tool for oil-related people, business administrators (particularly service station managers) and ordinary consumers to accurately understand crude oil and petroleum products supply and demand and price trends, in cooperation with relevant organizations such as the Petroleum Association of Japan and the Zensekiren (Japan's Dealers Association) since May 2005.

## Sources of data provided in this report

① [Crude oil and petroleum products supply and demand] (weekly PAJ report)

Data in weekly statistics on crude oil and petroleum product supply by the Petroleum Association of Japan are calculated in terms of 1,000 kiloliters. Shipments are estimated by this Center.

② [Crude oil and futures prices] (WTI crude and Middle Eastern crude)

For the WTI crude, the front-month WTI crude futures contract's daily closing price on the New York Mercantile Exchange (NYMEX) is adopted.

For the Middle Eastern crude, the front-month Middle Eastern crude futures contract's closing price on the Tokyo Commodity Exchange (TOCOM) is adopted. \* "Second-month (next-month) contract"

Underlying the Middle Eastern crude price is the average price for the Dubai and Oman crude oil. The telegraphic transfer middle rate (TTM) released by the Bank of Tokyo-Mitsubishi UFJ is adopted as the foreign exchange rate.

The crude oil import CIF price is a dollar-denominated reference price estimated by the PAJ based on the average crude oil price (on a 10-day basis) in the Ministry of Finance trade statistics.

③ [Motouri wholesale prices of petroleum products in Japan]

Motouri wholesale prices are prices for transactions between Motouri petroleum products wholesalers (primary wholesalers) and their affiliates (secondary wholesalers).

Motouri companies modified their new pricing system in April 2010 to decide specific policies in comprehensive consideration of crude oil and petroleum products market prices, each other's prices and other data. In June 2014, they modified the system further to give greater priority to crude oil cost.

④ [Gyoten spot prices of petroleum products in Japan] (RIM gyoten)

Onshore cargo spot prices are the average onshore lorry rack prices for the four districts of Tokyo, Kawasaki, Chukyo and Hanshin in the Lorry Rack Report of RIM Intelligence Co.

⑤ [Futures prices of petroleum products in Japan] (TOCOM)

Front-month petroleum products futures contracts' daily closing prices for TOCOM Tokyo Bay and Chubu are adopted.

TOCOM Tokyo Bay prices are the average offshore barge prices for the Keihin district. TOCOM Chubu prices are the average lorry rack prices in the Chubu district.

⑥ [Retail prices of petroleum products in Japan] (Weekly trend survey)

Average cash retail prices at some 2,000 service stations subject to a weekly nationwide survey are adopted (as released by the Agency for Natural Resources and Energy). The survey covers prices on Monday and is released at 14:00 on Wednesday (available on the website of the Agency for Natural Resources and Energy).